



**GRUNDY COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2001-52
July 5, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

July 2001

www.auditor.state.mo.us

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Grundy, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Grundy County was a financial and compliance audit of various county operating funds. The following concerns were noted:

- The county operates an ambulance service for which client billings are prepared and submitted to various health care insurers for collection. Follow-up procedures were not performed on a significant number of accounts that were not collected. The county currently contracts with an outside vendor to provide billing services. The contract does not provide specific details on follow-up billing procedures. In addition, standard procedures are not in place for performing write-offs of uncollectible accounts.
- The Families and Friends of the Developmentally Disabled Board maintained approximately \$20,600 in a money market fund which is not FDIC insured nor protected from market loss. In addition, approximately \$25,000 was maintained in certificates of deposit held at banks in other states which is in violation of state law.
- Some program expenditures were omitted from the Schedule of Expenditures of Federal Awards and expenditures for the BRO program were overstated by approximately \$78,000 during the audit period.

The audit also includes some matters related to budgeting, the health center, and the county's financial condition, upon which the county should consider and take appropriate corrective action.

Copies of the audit are available upon request.

YELLOW SHEET

GRUNDY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Grundy County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Grundy County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Grundy County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Grundy County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Grundy County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which

is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 15, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 15, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Marty Beck
Audit Staff:	Julie Vollmer
	Shantaye Atkinson



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Grundy County, Missouri

We have audited the special-purpose financial statements of various funds of Grundy County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 15, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Grundy County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 00-2. We also noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Grundy County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over

financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 00-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 00-1, to be a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Grundy County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

March 15, 2001 (fieldwork completion date)

Financial Statements

Exhibit A-1

GRUNDY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 646,877	860,785	944,066	563,596
Special Road and Bridge	105,370	567,684	456,461	216,593
Assessment	1,034	139,972	139,861	1,145
Law Enforcement Training	5,079	5,749	4,558	6,270
Prosecuting Attorney Training	3,646	948	360	4,234
Ambulance	275,374	657,391	635,545	297,220
Drug Awareness and Resistance Education	1,123	550	499	1,174
Prosecuting Attorney Bad Check	4,464	13,770	11,835	6,399
Recorder's User Fees	15,587	4,832	1,249	19,170
Victims of Domesic Violence	352	403	0	755
Local Emergency Planning Committee	10,470	357	5,957	4,870
9-1-1	73,661	101,141	86,353	88,449
Health Center	244,006	384,626	516,808	111,824
Families and Friends of the Developmentally Disabled	154,284	87,025	100,268	141,041
Circuit Clerk Interest	2,329	304	115	2,518
Associate Division Interest	882	208	626	464
Law Library	13,262	7,126	2,638	17,750
Child Care	9,149	5,576	5,794	8,931
Private Tutoring	1,877	1,329	1,235	1,971
Project Mentoring	0	54,757	54,757	0
Prosecuting Attorney Delinquent Tax	2,542	122	117	2,547
Expendable Trusts	227,063	16,350	9,391	234,022
Election Services	0	916	55	861
Division of Family Services Guardian Ad Litem	0	15,300	13,600	1,700
Total	\$ 1,798,431	2,927,221	2,992,148	1,733,504

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

GRUNDY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 745,617	951,145	1,049,885	646,877
Special Road and Bridge	256,611	792,070	943,311	105,370
Assessment	579	127,451	126,996	1,034
Law Enforcement Training	4,091	5,372	4,384	5,079
Prosecuting Attorney Training	3,296	965	615	3,646
Ambulance	233,011	535,878	493,515	275,374
Drug Awareness and Resistance Education	482	676	35	1,123
Prosecuting Attorney Bad Check	7,562	10,496	13,594	4,464
Recorder's User Fees	15,309	5,070	4,792	15,587
Victims of Domesic Violence	459	495	602	352
Local Emergency Planning Committee	7,738	2,800	68	10,470
9-1-1	56,902	95,300	78,541	73,661
Health Center	277,361	356,832	390,187	244,006
Families and Friends of the Developmentally Disabled	151,781	80,983	78,480	154,284
Circuit Clerk Interest	3,007	1,386	2,064	2,329
Associate Division Interest	526	356	0	882
Law Library	8,124	6,085	947	13,262
Child Care	8,602	6,040	5,493	9,149
Private Tutoring	2,161	908	1,192	1,877
Division of Youth Services Intensive Probation	0	26,036	26,036	0
Project Mentoring	270	45,128	45,398	0
Prosecuting Attorney Delinquent Tax	3,095	220	773	2,542
Expendable Trusts	220,486	22,034	15,457	227,063
Total	\$ 2,007,070	3,073,726	3,282,365	1,798,431

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

GRUNDY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,308,063	2,888,749	(419,314)	2,898,441	3,044,168	145,727
DISBURSEMENTS	3,534,328	2,962,565	571,763	3,504,043	3,259,450	244,593
RECEIPTS OVER (UNDER) DISBURSEMENTS	(226,265)	(73,816)	152,449	(605,602)	(215,282)	390,320
CASH, JANUARY 1	1,558,795	1,558,795	0	1,771,930	1,772,200	270
CASH, DECEMBER 31	1,332,530	1,484,979	152,449	1,166,328	1,556,918	390,590
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	93,000	92,955	(45)	83,000	83,539	539
Sales taxes	400,000	429,422	29,422	365,000	396,619	31,619
Intergovernmental	147,800	119,349	(28,451)	160,480	167,147	6,667
Charges for services	136,500	134,254	(2,246)	139,000	133,119	(5,881)
Interest	32,000	30,599	(1,401)	32,000	31,265	(735)
Other	45,100	38,606	(6,494)	37,300	63,470	26,170
Transfers in	26,490	15,600	(10,890)	30,600	75,986	45,386
Total Receipts	880,890	860,785	(20,105)	847,380	951,145	103,765
DISBURSEMENTS						
County Commission	62,815	63,025	(210)	63,197	62,597	600
County Clerk	79,505	78,876	629	75,520	77,120	(1,600)
Elections	37,480	41,307	(3,827)	21,894	17,985	3,909
Buildings and grounds	50,411	53,797	(3,386)	153,137	152,291	846
Employee fringe benefits	68,020	64,716	3,304	71,390	66,140	5,250
County Treasurer and Ex Officio Collector	49,804	44,729	5,075	45,688	45,117	571
Circuit Clerk	27,207	27,426	(219)	27,109	26,904	205
Associate Circuit Court	9,922	6,849	3,073	6,200	7,958	(1,758)
Court administration	8,865	8,620	245	17,240	14,981	2,259
Public Administrator	18,657	18,467	190	19,775	18,179	1,596
Sheriff	201,251	182,521	18,730	187,604	164,732	22,872
Jail	109,890	121,007	(11,117)	99,056	103,104	(4,048)
Prosecuting Attorney	75,095	72,999	2,096	75,457	71,803	3,654
Juvenile Officer	69,151	55,996	13,155	136,373	86,308	50,065
County Coroner	7,760	6,821	939	7,540	7,387	153
Other	63,712	73,910	(10,198)	62,688	64,279	(1,591)
Transfers out	32,265	23,000	9,265	27,687	63,000	(35,313)
Emergency Fund	26,442	0	26,442	25,422	0	25,422
Total Disbursements	998,252	944,066	54,186	1,122,977	1,049,885	73,092
RECEIPTS OVER (UNDER) DISBURSEMENTS	(117,362)	(83,281)	34,081	(275,597)	(98,740)	176,857
CASH, JANUARY 1	646,877	646,877	0	745,617	745,617	0
CASH, DECEMBER 31	529,515	563,596	34,081	470,020	646,877	176,857

Exhibit B

GRUNDY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	38,500	38,840	340	38,443	38,443	0
Intergovernmental	720,020	513,868	(206,152)	691,620	699,139	7,519
Interest	7,000	8,206	1,206	12,000	9,188	(2,812)
Other	5,000	6,770	1,770	5,000	2,300	(2,700)
Transfers in	0	0	0	0	43,000	43,000
Total Receipts	770,520	567,684	(202,836)	747,063	792,070	45,007
DISBURSEMENTS						
Salaries	101,029	93,924	7,105	105,074	101,845	3,229
Employee fringe benefits	18,550	13,895	4,655	19,940	18,390	1,550
Supplies	19,700	30,661	(10,961)	20,150	19,484	666
Insurance	5,250	5,421	(171)	6,000	5,172	828
Road and bridge materials	103,000	103,765	(765)	120,500	110,300	10,200
Equipment repairs	28,000	11,390	16,610	28,000	27,011	989
Rentals	0	0	0	500	0	500
Equipment purchases	0	119	(119)	21,360	24,080	(2,720)
Construction, repair, and maintenance	534,000	192,397	341,603	561,000	573,545	(12,545)
Other	4,200	4,889	(689)	7,600	4,298	3,302
Transfers out	12,890	0	12,890	57,200	59,186	(1,986)
Total Disbursements	826,619	456,461	370,158	947,324	943,311	4,013
RECEIPTS OVER (UNDER) DISBURSEMENTS	(56,099)	111,223	167,322	(200,261)	(151,241)	49,020
CASH, JANUARY 1	105,370	105,370	0	256,611	256,611	0
CASH, DECEMBER 31	49,271	216,593	167,322	56,350	105,370	49,020
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	104,585	115,527	10,942	103,713	106,099	2,386
Interest	200	756	556	0	411	411
Other	200	689	489	400	941	541
Transfers in	32,265	23,000	(9,265)	27,687	20,000	(7,687)
Total Receipts	137,250	139,972	2,722	131,800	127,451	(4,349)
DISBURSEMENTS						
Assessor	140,000	139,861	139	131,800	126,996	4,804
Total Disbursements	140,000	139,861	139	131,800	126,996	4,804
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,750)	111	2,861	0	455	455
CASH, JANUARY 1	1,034	1,034	0	579	579	0
CASH, DECEMBER 31	(1,716)	1,145	2,861	579	1,034	455

Exhibit B

GRUNDY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,500	1,867	367	0	1,685	1,685
Charges for services	4,000	3,241	(759)	4,580	3,473	(1,107)
Interest	200	267	67	170	214	44
Other	200	374	174	0	0	0
Total Receipts	5,900	5,749	(151)	4,750	5,372	622
DISBURSEMENTS						
Sheriff	4,600	4,558	42	5,000	4,384	616
Total Disbursements	4,600	4,558	42	5,000	4,384	616
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,300	1,191	(109)	(250)	988	1,238
CASH, JANUARY 1	5,079	5,079	0	4,091	4,091	0
CASH, DECEMBER 31	6,379	6,270	(109)	3,841	5,079	1,238
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	800	766	(34)	800	814	14
Interest	150	182	32	150	151	1
Total Receipts	950	948	(2)	950	965	15
DISBURSEMENTS						
Prosecuting Attorney	1,400	360	1,040	2,125	615	1,510
Total Disbursements	1,400	360	1,040	2,125	615	1,510
RECEIPTS OVER (UNDER) DISBURSEMENTS	(450)	588	1,038	(1,175)	350	1,525
CASH, JANUARY 1	3,646	3,646	0	3,296	3,296	0
CASH, DECEMBER 31	3,196	4,234	1,038	2,121	3,646	1,525
<u>AMBULANCE FUND</u>						
RECEIPTS						
Sales taxes	400,000	429,968	29,968	375,000	396,695	21,695
Charges for services	140,000	151,658	11,658	130,000	125,111	(4,889)
Interest	8,500	14,950	6,450	8,500	11,434	2,934
Other	57,750	60,815	3,065	1,000	2,638	1,638
Total Receipts	606,250	657,391	51,141	514,500	535,878	21,378
DISBURSEMENTS						
Salaries	335,535	346,115	(10,580)	301,305	297,033	4,272
Office expenses	25,200	27,256	(2,056)	12,800	12,327	473
Equipment	144,815	154,127	(9,312)	99,500	83,218	16,282
Mileage and training	17,000	13,635	3,365	17,000	17,149	(149)
Employee fringe benefits	67,450	59,645	7,805	57,400	56,923	477
Building	20,000	1,037	18,963	76,000	180	75,820
Tax increment financing	10,000	18,130	(8,130)	10,000	9,885	115
Transfers out	15,600	15,600	0	16,800	16,800	0
Total Disbursements	635,600	635,545	55	590,805	493,515	97,290
RECEIPTS OVER (UNDER) DISBURSEMENTS	(29,350)	21,846	51,196	(76,305)	42,363	118,668
CASH, JANUARY 1	275,374	275,374	0	233,011	233,011	0
CASH, DECEMBER 31	246,024	297,220	51,196	156,706	275,374	118,668

Exhibit B

GRUNDY COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DRUG AWARENESS AND RESISTANCE</u>						
<u>EDUCATION FUND</u>						
RECEIPTS						
Interest	50	50	0	30	36	6
Other	640	500	(140)	600	640	40
Total Receipts	690	550	(140)	630	676	46
DISBURSEMENTS						
Sheriff	640	499	141	800	35	765
Total Disbursements	640	499	141	800	35	765
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	51	1	(170)	641	811
CASH, JANUARY 1	1,123	1,123	0	482	482	0
CASH, DECEMBER 31	1,173	1,174	1	312	1,123	811
<u>PROSECUTING ATTORNEY</u>						
<u>BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	13,000	13,545	545	13,000	10,221	(2,779)
Interest	225	225	0	300	275	(25)
Total Receipts	13,225	13,770	545	13,300	10,496	(2,804)
DISBURSEMENTS						
Prosecuting Attorney	13,655	11,835	1,820	14,293	13,594	699
Total Disbursements	13,655	11,835	1,820	14,293	13,594	699
RECEIPTS OVER (UNDER) DISBURSEMENTS	(430)	1,935	2,365	(993)	(3,098)	(2,105)
CASH, JANUARY 1	4,464	4,464	0	7,562	7,562	0
CASH, DECEMBER 31	4,034	6,399	2,365	6,569	4,464	(2,105)
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	4,500	4,048	(452)	4,680	4,400	(280)
Interest	670	784	114	500	670	170
Total Receipts	5,170	4,832	(338)	5,180	5,070	(110)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	8,880	1,249	7,631	10,500	4,792	5,708
Total Disbursements	8,880	1,249	7,631	10,500	4,792	5,708
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,710)	3,583	7,293	(5,320)	278	5,598
CASH, JANUARY 1	15,587	15,587	0	15,309	15,309	0
CASH, DECEMBER 31	11,877	19,170	7,293	9,989	15,587	5,598

Exhibit B

GRUNDY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	500	380	(120)	500	480	(20)
Interest	15	23	8	20	15	(5)
Total Receipts	515	403	(112)	520	495	(25)
DISBURSEMENTS						
Shelter	600	0	600	900	602	298
Total Disbursements	600	0	600	900	602	298
RECEIPTS OVER (UNDER) DISBURSEMENTS	(85)	403	488	(380)	(107)	273
CASH, JANUARY 1	352	352	0	459	459	0
CASH, DECEMBER 31	267	755	488	79	352	273
<u>LOCAL EMERGENCY PLANNING</u>						
<u>COMMITTEE FUND</u>						
RECEIPTS						
Intergovernmental	2,500	0	(2,500)	2,500	2,438	(62)
Interest	350	357	7	250	362	112
Total Receipts	2,850	357	(2,493)	2,750	2,800	50
DISBURSEMENTS						
Supplies	60	176	(116)	770	68	702
Equipment	5,140	5,755	(615)	500	0	500
Training	800	26	774	1,000	0	1,000
Total Disbursements	6,000	5,957	43	2,270	68	2,202
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,150)	(5,600)	(2,450)	480	2,732	2,252
CASH, JANUARY 1	10,470	10,470	0	7,738	7,738	0
CASH, DECEMBER 31	7,320	4,870	(2,450)	8,218	10,470	2,252
<u>9-1-1 FUND</u>						
RECEIPTS						
Charges for services	90,000	95,913	5,913	90,000	92,403	2,403
Interest	3,000	3,173	173	2,500	2,897	397
Other	0	2,055	2,055	0	0	0
Total Receipts	93,000	101,141	8,141	92,500	95,300	2,800
DISBURSEMENTS						
Salaries	29,550	30,164	(614)	23,000	22,224	776
Office supplies	1,250	75	1,175	1,000	1,645	(645)
Equipment purchases	18,900	18,942	(42)	22,181	30,208	(8,027)
Equipment repairs and maintenance	13,500	5,672	7,828	10,750	9,721	1,029
Equipment support	17,000	25,570	(8,570)	17,000	7,686	9,314
Other	6,100	5,930	170	10,600	7,057	3,543
Total Disbursements	86,300	86,353	(53)	84,531	78,541	5,990
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,700	14,788	8,088	7,969	16,759	8,790
CASH, JANUARY 1	73,661	73,661	0	56,902	56,902	0
CASH, DECEMBER 31	80,361	88,449	8,088	64,871	73,661	8,790

Exhibit B

GRUNDY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	113,000	129,648	16,648	113,000	113,166	166
Intergovernmental	188,571	198,079	9,508	208,263	190,381	(17,882)
Charges for services	34,568	38,139	3,571	17,900	32,051	14,151
Interest	12,000	7,512	(4,488)	12,000	12,369	369
Other	9,550	11,248	1,698	2,875	8,865	5,990
Transfers In	300,000	0	(300,000)	0	0	0
Total Receipts	657,689	384,626	(273,063)	354,038	356,832	2,794
DISBURSEMENTS						
Salaries	290,200	278,980	11,220	289,888	288,158	1,730
Supplies	22,000	21,649	351	22,238	23,927	(1,689)
Equipment	6,500	8,399	(1,899)	12,600	12,541	59
Mileage and training	13,000	9,960	3,040	13,225	13,126	99
Insurance	1,534	2,209	(675)	1,489	1,214	275
Utilities	8,305	7,518	787	8,255	6,625	1,630
Rent	6,240	6,240	0	6,240	6,240	0
Building/lot	300,000	166,587	133,413	27,524	27,524	0
Other	9,775	15,266	(5,491)	9,678	10,832	(1,154)
Total Disbursements	657,554	516,808	140,746	391,137	390,187	950
RECEIPTS OVER (UNDER) DISBURSEMENTS	135	(132,182)	(132,317)	(37,099)	(33,355)	3,744
CASH, JANUARY 1	244,006	244,006	0	277,361	277,361	0
CASH, DECEMBER 31	244,141	111,824	(132,317)	240,262	244,006	3,744
<u>FAMILIES AND FRIENDS OF THE DEVELOPMENTALLY DISABLED FUND</u>						
RECEIPTS						
Property taxes	73,000	78,508	5,508	70,000	73,290	3,290
Intergovernmental	1,820	1,385	(435)	1,280	1,611	331
Interest	5,000	6,773	1,773	5,000	5,651	651
Other	750	359	(391)	500	431	(69)
Total Receipts	80,570	87,025	6,455	76,780	80,983	4,203
DISBURSEMENTS						
Operating expenses	27,134	28,360	(1,226)	25,728	26,403	(675)
Purchase of services	36,852	20,083	16,769	26,335	21,393	4,942
Medicaid match	29,320	29,092	228	29,090	21,284	7,806
Other	11,378	22,733	(11,355)	14,528	9,400	5,128
Total Disbursements	104,684	100,268	4,416	95,681	78,480	17,201
RECEIPTS OVER (UNDER) DISBURSEMENTS	(24,114)	(13,243)	10,871	(18,901)	2,503	21,404
CASH, JANUARY 1	154,284	154,284	0	151,781	151,781	0
CASH, DECEMBER 31	130,170	141,041	10,871	132,880	154,284	21,404

Exhibit B

GRUNDY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	750	304	(446)	800	1,386	586
Total Receipts	750	304	(446)	800	1,386	586
DISBURSEMENTS						
Circuit Clerk	2,200	115	2,085	1,900	2,064	(164)
Total Disbursements	2,200	115	2,085	1,900	2,064	(164)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,450)	189	1,639	(1,100)	(678)	422
CASH, JANUARY 1	2,329	2,329	0	3,007	3,007	0
CASH, DECEMBER 31	879	2,518	1,639	1,907	2,329	422
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	5,200	7,126	1,926	5,500	6,085	585
Total Receipts	5,200	7,126	1,926	5,500	6,085	585
DISBURSEMENTS						
Law library	2,200	2,638	(438)	2,000	947	1,053
Total Disbursements	2,200	2,638	(438)	2,000	947	1,053
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,000	4,488	1,488	3,500	5,138	1,638
CASH, JANUARY 1	13,262	13,262	0	8,124	8,124	0
CASH, DECEMBER 31	16,262	17,750	1,488	11,624	13,262	1,638
<u>PRIVATE TUTORING FUND</u>						
RECEIPTS						
Intergovernmental	1,500	1,329	(171)			
Total Receipts	1,500	1,329	(171)			
DISBURSEMENTS						
Juvenile Officer	0	1,235	(1,235)			
Total Disbursements	0	1,235	(1,235)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,500	94	(1,406)			
CASH, JANUARY 1	1,877	1,877	0			
CASH, DECEMBER 31	3,377	1,971	(1,406)			
<u>DIVISION OF YOUTH SERVICES</u>						
<u>INTENSIVE PROBATION FUND</u>						
RECEIPTS						
Intergovernmental				50,000	26,036	(23,964)
Total Receipts				50,000	26,036	(23,964)
DISBURSEMENTS						
Juvenile Officer				50,000	26,036	23,964
Total Disbursements				50,000	26,036	23,964
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0

Exhibit B

GRUNDY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROJECT MENTORING FUND</u>						
RECEIPTS						
Intergovernmental	45,144	54,757	9,613	50,000	45,128	(4,872)
Total Receipts	45,144	54,757	9,613	50,000	45,128	(4,872)
DISBURSEMENTS						
Juvenile Officer	45,144	54,757	(9,613)	50,000	45,398	4,602
Total Disbursements	45,144	54,757	(9,613)	50,000	45,398	4,602
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	(270)	(270)
CASH, JANUARY 1	0	0	0	0	270	270
CASH, DECEMBER 31	\$ 0	0	0	0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

GRUNDY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Grundy County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Families and Friends of the Developmentally Disabled Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Division Interest Fund	2000 and 1999
Child Care Fund	2000 and 1999
Expendable Trust Funds	2000 and 1999
Private Tutoring Fund	1999
Election Services Fund	2000
Division of Family Services	
Guardian Ad Litem Fund	2000

Warrants issued were in excess of budgeted amounts for the 9-1-1 Fund, Law Library Fund, Private Tutoring Fund, and Project Mentoring Fund in 2000 and the Circuit Clerk Interest Fund in 1999. Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Assessment Fund for the year ended December 31, 2000.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2000 and 1999
Families and Friends of the Developmentally Disabled	2000 and 1999
Circuit Clerk Interest Fund	2000 and 1999
Associate Division Interest Fund	2000 and 1999
Law Library Fund	2000 and 1999
Child Care Fund	2000 and 1999
Private Tutoring Fund	2000 and 1999
Project Mentoring Fund	2000 and 1999
Prosecuting Attorney Delinquent Tax Fund	2000 and 1999
Election Services	2000
Division of Youth Services Intensive Probation Fund	1999
Division of Family Services Guardian Ad Litem Fund	2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The county's deposits at December 31, 2000 and 1999, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The deposits of the Health Center Board at December 31, 2000 and 1999, were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the board's name.

The deposits of the Families and Friends of the Developmentally Disabled (FFDD) Board at December 31, 2000 and 1999, were entirely covered by federal depositary insurance.

Approximately \$25,000 of the deposits maintained by the FFDD Board at December 31, 2000, was maintained in Certificates of Deposit at banks outside the state of Missouri, in apparent violation of Section 110.040, RSMo 2000.

Investments

The only investment of the FFDD Board was a money market fund with a reported amount of \$20,663 at December 31, 2000.

State law apparently does not authorize the investment of county monies in money market funds.

Supplementary Schedule

Schedule

GRUNDY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER00459139	36,742	39,968
U.S. DEPARTMENT OF DEFENSE				
Direct program -				
12.105	Protection of Essential Highways, Highway Bridge Approaches, and Public Works	N/A	0	90,642
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO1640269 ERO1640354 ERO1640397	7,965	11,500
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
Missouri Sheriff's Association				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	2,227	1,322
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-040 (16)	7,791	49,554
		BRO-040 (17)	4,431	190,340
		BRO-040 (18)	8,611	8,469
		BRO-040 (19)	6,438	6,509
			<u>27,271</u>	<u>254,872</u>
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	1,507	9,863

Schedule

GRUNDY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
	Department of Health -			
93.268	Immunization Grants	PG06491391		
		PGAUNKNO	260	1,450
		N/A	20,652	18,982
			20,912	20,432
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	N/A	878	0
Department of Social Services -				
93.563	Child Support Enforcement	N/A	168	2,070
93.569	Community Services Block Grant	N/A	25,532	12,766
Department of Health -				
93.575	Child Care and Development Block Grant	PGA0670139	1,498	1,095
Department of Social Services -				
93.667	Social Services Block Grant	ER0172022	0	26,036
		ER0172023	54,757	45,128
			54,757	71,164
Department of Health -				
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	C000168013	190	0
93.991	Preventive Health and Health Services Block Grant	AOC00380175	26,964	23,533
		N/A	197	183
			27,161	23,716
93.994	Maternal and Child Health Services Block Grant to the States	ER51460139	13,747	15,256
		N/A	987	919
			14,734	16,175
Total Expenditures of Federal Awards			\$ 221,542	555,585

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

GRUNDY COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Grundy County, Missouri, except for the program accounted for in the Grundy County Public Housing Agency Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended September 30, 2000 and 1999.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for the Protection of Essential Highways, Highway Bridge Approaches, and Public Works (CFDA number 12.105) represent the value of the work performed by the Army Corps of Engineers.

Of the amounts for Immunization Grants (CFDA number 93.268), \$20,652 and \$18,982 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$197 and \$183 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$987 and \$919 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. The remaining amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

<u>Federal CFDA Number</u>	<u>Program Title</u>	<u>Amount Provided</u>	
		<u>Year Ended December 31,</u> <u>2000</u>	<u>1999</u>
14.231	Emergency Shelter Grants Program	7,965	11,500
93.569	Community Services Block Grant	25,532	12,766

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Grundy County, Missouri

Compliance

We have audited the compliance of Grundy County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Grundy County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 00-3 and 00-4.

Internal Control Over Compliance

The management of Grundy County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 00-3 and 00-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Grundy County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 15, 2001 (fieldwork completion date)

Schedule

GRUNDY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2000 AND 1999

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? x yes no

Reportable condition identified that is
not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements
noted? x yes no

Federal Awards

Internal control over major programs:

Material weakness identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
12.105	Protection of Essential Highways, Highway Bridge Approaches, and Public Works
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

00-1.

Ambulance Service Billings

Policies and procedures related to ambulance service billings and collections are not adequate. There are no written policies which address billing, collection, or write-off procedures.

The county operates an ambulance service for which client billings are prepared and submitted to various health care insurers for collection. Prior to December 2000, billings were prepared and sent to the various health care insurers by ambulance department personnel. Beginning on December 1, 2000, the county contracted with an outside vendor to provide billing services. During our review of the ambulance service billing procedures we noted the following:

- A. Initial service billings and write-offs totaled approximately \$463,000 and \$42,000, respectively, for the period January 1, 1999 through November 30, 2000. The accounts receivable balance increased by approximately \$148,000 over the same time period. Follow-up collection procedures were not performed on a significant number of accounts. Of the twenty-five billings we reviewed, thirteen were outstanding accounts for which no follow-up billings had been performed. According to county personnel, numerous billings to Medicaid and Medicare were returned because of coding errors and were never resubmitted. Many of these accounts may now be uncollectible. Additionally, the balance of accounts which were only partially paid by third party insurance providers were not re-billed to the clients. Approximately \$45,000 of the outstanding accounts were re-billed by the outside billing service. County personnel are currently in the process of reviewing other accounts receivable to determine collectibility.
- B. Billings are prepared by the outside billing service and payments are received by ambulance personnel and the County Treasurer. Follow-up billings are the responsibility of the billing service; however, the contract does not provide specific details on these procedures such as when or how often the procedures will be performed.
- C. Accounts to be written off as uncollectible are determined by the ambulance Administrator and the County Treasurer and approved by the County Commission. No standard procedures are in place for performing the write-off function.

Documented procedures should include the age of the accounts receivable to be written off and the number and types of collection attempts required prior to determining an account is uncollectible.

Failure to ensure adequate controls exist related to ambulance service accounts receivable may result in a loss of revenue to the county and increases the possibility of misappropriation of funds.

WE RECOMMEND the County Commission develop written policies and procedures for the ambulance billing function including provisions for follow-up on outstanding accounts and write-off procedures.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission will adopt written policies regarding ambulance billing and write-off procedures. The ambulance director has contacted the billing vendor and the county is in the process of clarifying follow-up and billing procedures. The County Commission will have this situation resolved by September 1st.

00-2. Family and Friends of the Developmentally Disabled Board Investments
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At December 31, 2000, the Families and Friends of the Developmentally Disabled (FFDD) Board maintained approximately \$20,600 in a money market fund which, according to the fund's prospectus, is not FDIC insured nor protected from market loss. In addition, approximately \$25,000 was maintained in certificates of deposit held at banks in other states.

State law does not specifically authorize the investment of county monies in money market funds. Section 110.040, RSMo 2000, provides that political subdivisions may select depositories located outside of territorial limits only if there is not a depository available within the territory or if the depositories within the territory will not accept the awards of the public funds.

WE RECOMMEND the FFDD Board ensure public monies are invested in compliance with state law.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The Director of the FFDD Board stated he will advise the FFDD Board at the next regularly-scheduled meeting to implement the recommendation. He will advise that the money market account be closed as soon as possible and these funds deposited in FDIC or FSLIC insured securities. He will also recommend that all funds deposited in out-of-state certificates of deposit be renewed only at in-state financial institutions at the time these certificates of deposit mature, which will take place in May 2002.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

00-3.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ER00459139
Award Year:	2000 and 1999
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Defense
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	12.105
Program Title:	Protection of Essential Highways, Highway Bridge Approaches, and Public Works
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Year:	1999
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	
Pass-Through Entity	
Identifying Number	BRO-040(16), BRO-040(17), BRO-040(18) & BRO-040(19)
Award Year:	2000 and 1999
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards(SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county does not have procedures in place to adequately track federal assistance for preparation of the SEFA. The county prepared a SEFA for the years ended December 31, 2000 and 1999; however, some program expenditures were omitted, most notably, \$90,642

from the U.S. Department of Defense and approximately \$126,000 passed through the state Department of Social Services. In addition, expenditures reported for the BRO program were overstated by approximately \$78,000 for the two year period. These differences primarily occurred as a result of timing differences and because the county's matching share of the BRO program was included in some amounts reported.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk indicated he has not changed his procedures for preparing the SEFA. The county's matching share of expenditures has always been reported. The County Clerk will try to deduct the county's share of expenditures in the future. The County Clerk will try to implement the recommendation.

00-4.	Cash Management
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Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-040(16) & BRO-040(18)
Award Year:	2000 and 1999
Questioned Costs:	Not Applicable

During the two years ended December 31, 2000, the county participated in the Highway Planning and Construction Program. Through this program, 80 percent of eligible expenses are reimbursed from federal funds passed through the Missouri Department of Transportation. During the two years, the county received and disbursed approximately \$280,000 through this program.

The county has not established cash management procedures to ensure the minimum time lapses between receipt of federal project monies and the disbursement of such monies. Reimbursements of \$1,255, \$1,450, and \$7,600 were held for 235 days, 166 days, and 15 days, respectively, before the related payments were made to contractors. While the liability was incurred prior to the reimbursement, payment was not made to the vendor on a timely basis.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states that funds shall be requested such that they are received not more than two days prior to disbursement of the funds.

WE RECOMMEND the County Commission establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated there are cash management procedures. The instances noted were oversights by the county and the engineer.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

GRUNDY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

GRUNDY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

SECTION ON OTHER MATTERS

GRUNDY COUNTY, MISSOURI LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Grundy County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 15, 2001. We also have audited the compliance of Grundy County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 15, 2001.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These matters resulted from our audit of the special-purpose financial statements of Grundy County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. Budgets and Financial Statements

Budget hearings are not held prior to the approval of amendments to the budget. Two budget amendments approved during the audit period were not filed with the State Auditor's Office. We also noted two other amendments which were not approved in a timely manner. One of these amendments was approved on December 28, 1999, and appeared to be filed only so the actual expenditures would not exceed budgeted expenditures for the funds involved. The county's annual published financial statements did not include the financial activity of some county funds, most notably the Health Center and Friends and Families of the Developmentally Disabled Boards.

2. Health Center

The petty cash fund is not maintained on an imprest basis. Invoices are not marked after they have been paid to prevent repayment. Invoices are not reviewed for mathematical accuracy prior to payment. Blank checks are signed in advance by the Board. Budget revisions were not submitted to the State Auditor's Office.

The health center Board of Directors (Board) purchased a building for \$165,000 in April 2000. In February 2001 the Board entered into a thirty year agreement with the Grundy County Health Association, Inc. (Association) which was previously formed for the purpose of assisting the health center. The Association obtained a \$90,000 loan for remodeling the building purchased by the health center. As part of the lease agreement, the Board transferred title of the building to the Association. The Board is leasing the building from the

Association payable in thirty annual installments. The annual rental paid to the Association by the Board includes \$5,856 (or a total of \$175,680 over thirty years) for the loan principal and interest payment, \$586 for debt reserve, \$586 for replacement and extension, and \$1,972 for operations and maintenance costs. The amount of the annual rental payment is subject to negotiation between the Board and the Association. The Board purchased a vacant lot costing \$27,500 for the purpose of building a health center building approximately three months prior to the purchase of the building noted above. The lot is currently for sale. In addition, the 2001 budget for the Health Center Fund reflects an estimated ending cash balance of approximately \$170,000. The Board should continually monitor the lease agreement and to reduce the amount of interest expense associated with the loan, the Board should consider paying off the loan early as excess funds become available. In addition, appraisals were not obtained prior to the purchases of the vacant lot or the building.

3. Ambulance Service

Documentation of bids received for the services of a billing agency was not maintained. A cost analysis of county personnel performing ambulance service billing functions compared to obtaining an outside vendor to perform these functions was completed; however, the county did not consider that some significant costs to the county were one-time set-up costs and the cost analysis was not extended to cover a period of time exceeding one year.

4. Financial Condition

From January 1, 1999 to December 31, 2000, we noted a decline in the cash balance of the General Revenue Fund of approximately \$180,000. Additionally, the 2001 budget reflects an anticipated decline of approximately \$260,000 and an estimated ending cash balance of approximately \$301,000. The County Commission should closely monitor the financial condition of the General Revenue Fund.

This Letter on Other Matters is intended for the information of the management of Grundy County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.